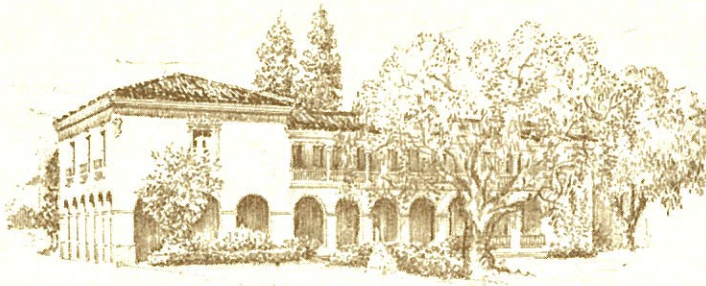


# CITY OF SANTA BARBARA

## COMMUNITY DEVELOPMENT DEPT.

Planning Division ..... 564-5470  
Housing & Redevelopment Division 564-5461  
Division of Land Use Controls ..... 564-5485  
Director's Office ..... 564-5455  
Fax Number ..... 564-5477



630 GARDEN STREET  
POST OFFICE BOX 1990  
SANTA BARBARA, CA 93102-1990

July 11, 1996

Mr. Tim Coyle  
Department of Housing and  
Community Development  
1800 3rd Street, Room 430  
Sacramento, CA 95814

SUBJECT: 1994-95 ANNUAL REPORT FOR THE REDEVELOPMENT AGENCY  
OF THE CITY OF SANTA BARBARA

Dear Mr. Coyle:

In accordance with State law, the Redevelopment Agency of the City of Santa Barbara is forwarding herewith for your review and files a copy of the Agency's audited financial statement and annual program report for the fiscal year ended June 30, 1995.

If you have any questions in regard to the subject report, please contact me at (805) 564-5461 or Robert Peirson, Fiscal Officer, at (805) 564-5334.

Sincerely,

REDEVELOPMENT AGENCY OF THE  
CITY OF SANTA BARBARA

David Gustafson  
Housing and Redevelopment Manager

enclosure

cc: w/o enclosure  
Sandra E. Lizarraga, Executive Director  
Robert D. Peirson, Fiscal Officer  
David D. Davis, Deputy Director



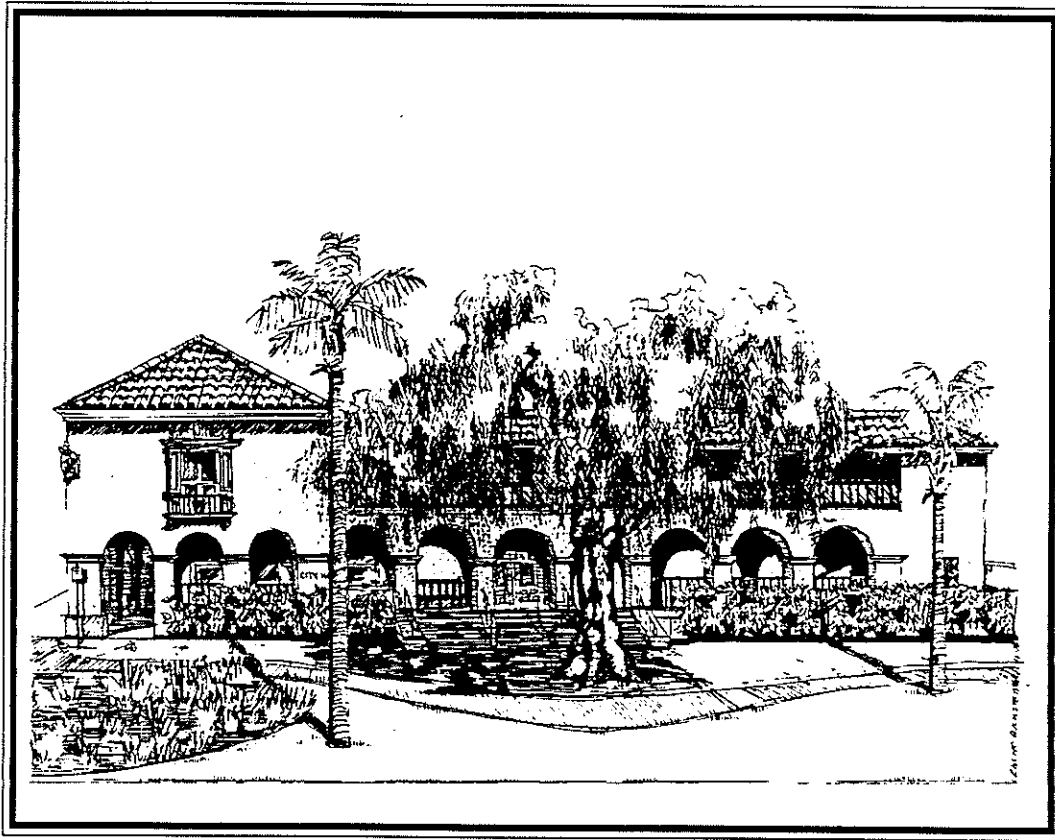
**REDEVELOPMENT AGENCY  
OF THE CITY OF  
SANTA BARBARA, CALIFORNIA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 1995**

**ROBERT D. PEIRSON, AGENCY TREASURER**





# INTRODUCTORY SECTION



**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**Fiscal year ended June 30, 1995**

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**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**Fiscal year ended June 30, 1995**

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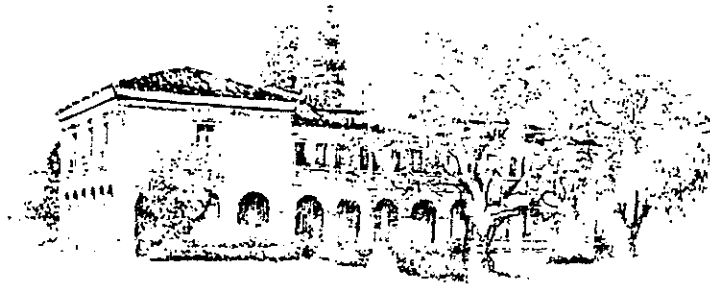
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# City of Santa Barbara

## FINANCE DEPARTMENT

ADMINISTRATION ..... 564-5334  
ACCOUNTING ..... 564-5340  
PAYROLL ..... 564-5358  
BILLING/COLLECTION ..... 564-5344  
RISK MANAGEMENT ..... 564-5347  
PURCHASING ..... 564-5349  
FAX NUMBER ..... 564-5556



CITY HALL  
DE LA GUERRA PLAZA  
POST OFFICE BOX 1990  
SANTA BARBARA, CA 93102-1990

## California

September 8, 1995

### **The Honorable Chairperson and the Members of the Redevelopment Agency:**

The comprehensive annual financial report of the Redevelopment Agency of the City of Santa Barbara (Agency) for the fiscal year ended June 30, 1995 is herewith submitted. This report was prepared by the Finance Department of the City of Santa Barbara (City) on behalf of the Agency. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Agency. To the best of our knowledge and belief, the data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Agency. All disclosures necessary to enable the reader to gain an understanding of the Agency's financial activities have been included.

The comprehensive annual financial report is presented in five sections: the introductory section, which includes the transmittal letter; the financial section; the statistical section; the compliance and internal control section and the Agency's Annual Program Report and Work Program Section. The financial section in this report has been audited by the firm of Moreland & Associates, whose opinion thereon is included as an integral part of this report.

### **ECONOMIC CONDITION AND OUTLOOK**

After several years of recession, the Santa Barbara economy returned to moderate growth during the fiscal year. Although some of the area's largest employers continued to reduce employment, overall, the county unemployment rate dropped significantly, to 6.30%, from 7.76% at prior fiscal year end.

The retail sector continued to show signs of recovery. Although the accompanying financial statements reflect a decline in sales tax revenue from fiscal 1994, this was due entirely to a change in accounting standards affecting the accrual of tax revenues. Before adjusting for these accounting changes, the City's sales tax revenues increased \$417,089, or 3.4% from the prior fiscal year. Fiscal 1995 sales tax revenue (before the accounting change) was the highest ever enjoyed by the City. This is the second consecutive annual increase in sales tax revenue after a three year decline during which sales tax revenue dropped a cumulative 7.14%. The sales tax amounts include revenue derived from Proposition 172, a state-wide one-half cent sales tax levied pursuant to a ballot proposition approved by California voters in November, 1993. In accordance with the provisions of the ballot proposition, the revenues generated by the Proposition 172 sales tax are restricted to use for public safety.

Another very positive sign was a 12.3% increase in the City's transient occupancy tax. This represents the third consecutive year of growth in this key City revenue after two consecutive years of decline. Because of the importance of the visitor industry to the Santa Barbara economy, this is a very encouraging trend.

The outlook for the area economy is for continued moderate growth.

## MAJOR INITIATIVES

### ***For the Year***

In the downtown area, the Agency continued retail revitalization efforts aimed at promoting the economic vitality of the central business district. The Paseo Nuevo Retail Center continues its successful operation. The center began operation in fiscal year 1991 and Paseo Nuevo management now estimates that the shopping mall is 86% occupied. This is an eight percent (8%) increase since the end of fiscal year 1994.

This fiscal year, the Agency continued to contribute funds in support of the City's Transportation Management Program. Agency funds provide for a Commuter Shuttle as a mitigation of the traffic impacts of the Agency's downtown revitalization activities. The Commuter Shuttle furnishes convenient shuttle services between the two downtown commuter parking lots (Cota/Santa Barbara Streets and Carrillo/Castillo Streets) and employee work locations. The Commuter Lot Shuttle service is provided at no charge to commuters.

The Agency contributed \$166,000 towards the renovation of the Carrillo Gym, an historic, downtown facility designed to provide recreational opportunities for youth as well as gymnasium facilities for use by people working in the downtown area. Problems limiting the gym's functions include a leaky rooftop court and lack of accessibility for the disabled. During the latter part of this fiscal year, the construction contract was awarded and repairs to this historically significant structure were begun, thus preserving a part of Santa Barbara's heritage.

In the waterfront area, the Agency continued plans to restore the railroad depot. In October 1994, the Agency Board approved the proposed site plan for the project. In another milestone, the California Transportation Commission approved the grant of \$4.702 million in rail bond funds for the project, including \$3.6 million for acquisition of the depot properties. Negotiations with Martin Smith Associates were conducted and the acquisition was completed in May, 1995.

The Agency continued work on the Waterfront Park/Hotel Project. During this fiscal year, Agency staff worked with the Parker Family Trust to develop schedules and timetables for construction of the joint project. It was determined that the construction of the park should proceed ahead of the hotel construction. A draft Development Agreement, which would allow the development of the park and the hotel to proceed independently instead of concurrently, was approved by the Planning Commission in June, 1995.

During the year, the Agency expended over \$4 million on its affordable housing programs. The Agency committed over \$1.5 million for the development of two (2) new construction projects totaling forty nine (49) units.

The Agency's operating budget continued to be impacted by the State. Under the terms of the state's fiscal year 1995 budget, the Agency was required to contribute \$392,265 to the "Education Revenue Augmentation Fund." The money was used to backfill for state public education funding which was retained by the state. This amount represented 6.43% of Agency non-housing tax allocation revenues.

For a more complete description of the Agency's accomplishments during fiscal year 1995, please refer to the Annual Program Report, beginning on page 33 of this report.

***Outlook for the Future.*** The Agency continues to strive towards completion of the Waterfront Park and Railroad Station Restoration projects.

## FINANCIAL INFORMATION

### ***Component Unit Reporting***

Under reporting requirements prescribed by generally accepted accounting principles adopted by the Governmental Accounting Standards Board (GASB), the Agency's results of operations are also reported in the City of Santa Barbara's comprehensive annual financial report. This treatment is due to the requirement that municipal organizations include in one report all operations controlled by the same governing body. Specific interpretation for redevelopment agencies requires their inclusion in the City's comprehensive annual financial report. No express or implied assumption of any of the Agency's liabilities, either at present or in the future, is made by the inclusion of the Agency's financial results in the City's annual financial report. The Agency remains separate for all legal purposes. Accordingly, the accompanying combined financial statements are issued as a separate report of the component unit, the Redevelopment Agency.

### ***Internal Controls***

The Agency's management is responsible for establishing and maintaining a system of internal controls designed to ensure that the Agency's assets are protected from loss, theft or misuse. The internal controls must also ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Agency's system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe that the Agency's system of internal accounting controls adequately safeguards assets and provides reasonable assurance as to the proper recording of financial transactions. The Agency's internal control structure is subject to periodic evaluation by the Agency's management.

### ***Basis of Accounting and Fund Groupings***

The Agency's accounting records are maintained on the modified-accrual basis of accounting. The modified-accrual basis of accounting is defined as the basis of accounting under which expenditures, other than accrued interest on debt, are reported at the time liabilities are incurred and revenues are recorded when received in cash, except for measurable and available revenues, which are accrued to properly reflect the revenues earned.

A summary of the funds established by the Agency is as follows:

<b>General Fund</b>	Used to account for all financial resources of the Agency, except for those required for debt service and housing activity.
<b>Special Revenue Fund:</b> Housing Fund:	Created to account for the financial resources available for low and moderate income housing programs. The Agency dedicates 20% of its incremental property tax revenue to this fund.
<b>Capital Projects Fund</b>	Established to account for the proceeds of the Agency's 1993 Tax Allocation Bonds which are being used to fund two major capital projects.
<b>Debt Service Fund</b>	Established to account for the accumulation of resources for, and the payment of, general long-term debt, including principal, interest and related costs.
<b>General Long-Term Debt Account Group</b>	This account group is established to account for all long-term debt of the Agency.

**Budgetary Controls.** The Agency maintains budgetary controls. The objective of these controls is to ensure compliance with the legal provisions contained in the annual, appropriated budget approved by the Agency's Board. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the Agency level.

The Agency maintains a formal, integrated encumbrance accounting system as one means of ensuring budgetary control. Purchase orders which would result in an overrun of appropriations are not released until additional funds have been appropriated. Encumbrances outstanding at year-end are reported as a reservation of fund balance. Appropriations for encumbrances outstanding at year-end are re-appropriated in the following fiscal year.

### **Financial Highlights**

Operations of the Agency's governmental funds for fiscal year 1995 were as follows:

- Revenues totaled \$12,343,431, a 5.73% increase.
- Incremental property tax revenue totaled \$7,627,615, a decrease of \$142,576 or 1.8%.
- Expenditures totaled \$11,848,267, an increase of 51.8%.
- Net loans receivable outstanding totaled \$17,399,231, an increase of \$4,007,008, or 29.92%.

All increases and decreases are for the fiscal year 1995 from fiscal year 1994 amounts.

**Cash Management.** Cash temporarily idle during the year was invested as a part of the City's investment pool. During the year, the City's pooled investments had an average maturity of approximately two years (728 days). The book yield on the City's investments during the fiscal year was 5.63%. The market return on the portfolio was 6.63%. Of the \$1,178,957 in total income from use of money and property, \$290,009 was income from investments managed by the City on behalf of the Agency. An additional \$287,083 in income was earned on investments held on behalf of the Agency by fiscal agents. The balance, \$601,865, was interest earned on housing loans.

At June 30, 1995, the Agency had deposits totaling \$2,075,322 with the Orange County Investment Pool (OCIP). On December 6, 1994, the County of Orange filed for protection under Chapter 9 of the U.S. Bankruptcy Code. Upon the bankruptcy filing, the Agency's deposits were restricted to access. The Agency funds still held by the OCIP represent a portion of the remaining proceeds from the Agency's 1993 Tax Allocation Bonds. These bond proceeds were budgeted for use in two of the Agency's major projects - the Waterfront Park/Hotel project and the Railroad Depot Restoration project. The funds had been invested in the OCIP pending the start of construction on the two projects. The amount still due from the OCIP has been recorded in the Agency's financial statements in the capital project fund as "due from other agencies" with a corresponding reservation of fund balance.

**Debt Administration.** At June 30, 1995, the Agency had two debt issues outstanding. One issue, the 1991 tax allocation refunding bonds, was sold in January, 1991 in the amount of \$38,685,000 at an average interest rate of 7.59%, to advance refund the Agency's outstanding Series A, Series B and Series C tax allocation bonds. The proceeds of the refunding have been placed in an irrevocable escrow account and invested in United States Treasury obligations, which, together with interest earned thereon, will provide amounts sufficient for future payment of principal, interest, and redemption premium on the Series A, B and C bonds. The refunded bonds are not included in the Agency's outstanding long-term debt since the Agency's obligation thereon was legally satisfied by establishing the irrevocable trust. The 1991 Refunding Tax Allocation Bonds have been recorded in the general long-term debt account group.

The other debt issue, the 1993 Tax Allocation Bonds, were sold on February 1, 1993, in the amount of \$14,605,000 at an average interest rate of 6.16%. Principal payments range from \$625,000 to

\$2,200,000 with final maturity on March 1, 2007. The proceeds of the issue will be used to fund Agency projects.


The Agency's long-term indebtedness continued to have the same ratings as awarded for the past several years. The tax allocation bonds of the Agency are rated "Baa" by Moody's Investor Services and "BBB+" by Standard & Poor's.


#### OTHER INFORMATION

**Independent Audit.** The City requires an annual audit of the records and accounts of the Agency by an independent certified public accountant. This Agency is in compliance with this requirement and the auditors' opinion has been included on page one of this report.

**Acknowledgments.** The preparation of this component unit financial report could not have been accomplished without the hard work and team effort of the City's Finance Department. Special recognition and thanks are due to the entire staff for their efficient and dedicated efforts.

Respectfully submitted,

  
Sandra E. Lizarraga  
Executive Director  
and Secretary

  
Robert D. Peirson  
Agency Treasurer

REDEVELOPMENT AGENCY  
OF THE  
CITY OF SANTA BARBARA

Directory of Agency Officials

June 30, 1995

Harriet Miller  
Chairperson

Helene G. Beaver  
Member

Elinor G. A. Langer  
Member

Tom Roberts  
Member

Philip J. Bugay  
Member

H. P. Fairly  
Member

Gilbert Garcia  
Member

Sandra E. Lizarraga  
Executive Director and Secretary

Daniel J. Wallace  
Agency Council

Robert D. Peirson  
Agency Treasurer

# FINANCIAL SECTION





September 8, 1995, except for Notes 8 and 10,  
as to which the dates are October 11 and December 1, 1995, respectively

The Honorable Members of the Governing Board  
Redevelopment Agency of the City of Santa Barbara, California

Independent Auditors' Report

We have audited the accompanying general purpose financial statements of the Redevelopment Agency of the City of Santa Barbara, California (Agency), a component unit of the City of Santa Barbara, as of and for the year ended June 30, 1995, as listed in the table of contents. These general purpose financial statements are the responsibility of the Agency management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

As further discussed in Note 8, to the financial statements, on December 16, 1994, the County of Orange filed for federal bankruptcy protection, which precluded the City from withdrawing their deposit in the Orange County Investment Pool. In accordance with a Settlement Agreement, the City has received a distribution of a portion of their deposit. The remainder has been recorded as a long-term receivable at June 30, 1995. The collectibility of this receivable cannot presently be determined. Accordingly, no provision for any loss has been made in the accompanying financial statements.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Agency. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole. The statistical information and the annual program report/work program report listed in the table of contents were not audited by us and, accordingly, we do not express an opinion thereon.

In accordance with Government Auditing Standards, we have also issued a report dated September 8, 1995 on our consideration of the Agency internal control structure and a report dated September 8, 1995 on its compliance with laws and regulations.

*Moreland & Associates*

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**COMBINED BALANCE SHEET**  
**All Fund Types and Account Group**  
**June 30, 1995**  
*with comparative totals at June 30, 1994*

	Governmental Fund Types				Account Group
		Special			Long-Term
	General	Revenue Housing	Debt Service	Capital Projects	Debt
<b><u>Assets and Other Debits</u></b>					
Cash and investments	\$ 3,289,159	\$ 1,429,498	\$ -	\$ -	\$ -
Due from other agencies	-	-	-	2,075,322	-
Accrued interest receivable	54,868	-	-	172,533	-
Loans receivable	782,045	16,617,186	-	-	-
Accounts receivable	3,261	-	-	-	-
Properties held for resale	41,693,423	-	-	-	-
Restricted assets:					
Cash and investments					
with fiscal agent	-	-	1,508,708	9,363,322	-
Amount for retirement of					
long-term debt:					
Available in debt service fund	-	-	-	-	1,508,708
To be provided in the future	-	-	-	-	42,401,292
<b>Total assets</b>	<b>\$ 45,822,756</b>	<b>\$ 18,046,684</b>	<b>\$ 1,508,708</b>	<b>\$ 11,611,177</b>	<b>\$ 43,910,000</b>
<b><u>Liabilities and Fund Balance</u></b>					
Liabilities:					
Accounts payable	\$ 9,316	\$ 373,707	\$ -	\$ 50,887	\$ -
Deposits	183,407	1,050	-	-	-
Bonds payable	-	-	-	-	43,910,000
<b>Total liabilities</b>	<b>192,723</b>	<b>374,757</b>	<b>-</b>	<b>50,887</b>	<b>43,910,000</b>
Fund balance:					
Reserved:					
Encumbrances	1,290,146	540,000	-	-	-
Properties held for resale	41,693,423	-	-	-	-
Debt service	1,864,419	-	1,508,708	-	-
Capital projects	-	-	-	9,484,968	-
Due from other agencies	-	-	-	2,075,322	-
Loans receivable	782,045	16,617,186	-	-	-
Low and moderate income housing	-	514,741	-	-	-
<b>Total fund balance</b>	<b>45,630,033</b>	<b>17,671,927</b>	<b>1,508,708</b>	<b>11,560,290</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 45,822,756</b>	<b>\$ 18,046,684</b>	<b>\$ 1,508,708</b>	<b>\$ 11,611,177</b>	<b>\$ 43,910,000</b>

*See accompanying notes to the financial statements*

Totals  
(memorandum only)  
June 30

1995	1994
\$ 4,718,657	\$ 20,397,275
2,075,322	36,230
227,401	222,688
17,399,231	13,392,223
3,261	-
41,693,423	40,537,567
10,872,030	1,507,843
1,508,708	1,507,843
42,401,292	44,672,157
<u>\$ 120,899,325</u>	<u>\$ 122,273,826</u>

\$ 433,910	\$ 28,018
184,457	190,014
<u>43,910,000</u>	<u>46,180,000</u>
<u>44,528,367</u>	<u>46,398,032</u>

1,830,146	4,108,612
41,693,423	40,537,567
3,373,127	4,354,494
9,484,968	13,080,854
2,075,322	-
17,399,231	13,392,223
514,741	402,044
<u>76,370,958</u>	<u>75,875,794</u>
<u>\$ 120,899,325</u>	<u>\$ 122,273,826</u>

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**All Governmental Fund Types**  
**Fiscal year ended June 30, 1995**  
*with comparative totals for the fiscal year ended June 30, 1994*

	General Fund	Special Revenue Housing	Debt Service	Capital Projects
<b>Revenues:</b>				
Incremental property taxes	\$ 6,102,091	\$ 1,525,524	\$ -	\$ -
Use of money and property	217,402	674,472	96,931	190,152
State grants	-	-	-	3,525,000
Other revenues	8,618	3,241	-	-
Total revenues	<u>6,328,111</u>	<u>2,203,237</u>	<u>96,931</u>	<u>3,715,152</u>
<b>Expenditures:</b>				
Current:				
Supplies and services	220,465	350,079	-	-
Projects	-	-	-	5,235,716
Educational revenue augmentation fund	392,265	-	-	-
Debt service:				
Principal	-	-	2,270,000	-
Interest	-	-	3,379,742	-
Total expenditures	<u>612,730</u>	<u>350,079</u>	<u>5,649,742</u>	<u>5,235,716</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,715,381</u>	<u>1,853,158</u>	<u>(5,552,811)</u>	<u>(1,520,564)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	5,553,677	-
Operating transfers out	(5,553,677)	-	-	-
Total other financing sources (uses)	<u>(5,553,677)</u>	<u>-</u>	<u>5,553,677</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	161,704	1,853,158	866	(1,520,564)
Fund balances, beginning of fiscal year - restated	<u>45,468,329</u>	<u>15,818,769</u>	<u>1,507,842</u>	<u>13,080,854</u>
Fund balances, end of fiscal year	<u>\$ 45,630,033</u>	<u>\$ 17,671,927</u>	<u>\$ 1,508,708</u>	<u>\$ 11,560,290</u>

*See accompanying notes to the financial statements*

Totals (memorandum only) Year ended June 30	
1995	1994
\$ 7,627,615	\$ 7,770,191
1,178,957	1,598,241
3,525,000	-
11,859	2,306,109
12,343,431	11,674,541
570,544	844,715
5,235,716	904,666
392,265	392,171
2,270,000	2,060,000
3,379,742	3,602,212
11,848,267	7,803,764
495,164	3,870,777
5,553,677	5,431,845
(5,553,677)	(5,431,845)
-	-
495,164	3,870,777
75,875,794	72,005,017
\$ 76,370,958	\$ 75,875,794

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Budget and Actual**  
**General and Special Revenue Funds**  
**Fiscal year ended June 30, 1995**

	General Fund		
	Budget	Actual	Variance - favorable (unfavorable)
<b>Revenues:</b>			
Incremental property tax	\$ 5,875,715	\$ 6,102,091	\$ 226,376
Use of money and property	173,000	217,402	44,402
Other revenues	-	8,618	8,618
Total revenues	<u>6,048,715</u>	<u>6,328,111</u>	<u>279,396</u>
<b>Expenditures:</b>			
Current:			
Educational revenue augmentation fund	392,171	392,265	(94)
Materials and supplies	<u>1,662,011</u>	<u>220,465</u>	<u>1,441,546</u>
Total expenditures	<u>2,054,182</u>	<u>612,730</u>	<u>1,441,452</u>
Excess of revenues over expenditures	3,994,533	5,715,381	1,720,848
<b>Other financing uses:</b>			
Operating transfers out	<u>(5,559,743)</u>	<u>(5,553,677)</u>	<u>6,066</u>
Excess of revenues over expenditures and other financing uses	(1,565,210)	161,704	1,726,914
Fund balances, beginning of fiscal year - restated	<u>45,468,329</u>	<u>45,468,329</u>	-
Fund balances, end of fiscal year	<u>\$ 43,903,119</u>	<u>\$ 45,630,033</u>	<u>\$ 1,726,914</u>

*See accompanying notes to the financial statements*



Special Revenue Housing Fund			Total (memorandum only)		
Budget	Actual	Variance - favorable (unfavorable)	Budget	Actual	Variance - favorable (unfavorable)
\$ 1,468,929	\$ 1,525,524	\$ 56,595	\$ 7,344,644	\$ 7,627,615	\$ 282,971
510,000	674,472	164,472	683,000	891,874	208,874
-	3,241	3,241	-	11,859	11,859
<u>1,978,929</u>	<u>2,203,237</u>	<u>224,308</u>	<u>8,027,644</u>	<u>8,531,348</u>	<u>503,704</u>
-	-	-	392,171	392,265	(94)
<u>965,770</u>	<u>350,079</u>	<u>615,691</u>	<u>2,627,781</u>	<u>570,544</u>	<u>2,057,237</u>
<u>965,770</u>	<u>350,079</u>	<u>615,691</u>	<u>3,019,952</u>	<u>962,809</u>	<u>2,057,143</u>
1,013,159	1,853,158	839,999	5,007,692	7,568,539	2,560,847
-	-	-	<u>(5,559,743)</u>	<u>(5,553,677)</u>	<u>6,066</u>
1,013,159	1,853,158	839,999	(552,051)	2,014,862	2,566,913
<u>15,818,769</u>	<u>15,818,769</u>	<u>-</u>	<u>61,287,098</u>	<u>61,287,098</u>	<u>-</u>
<u>\$ 16,831,928</u>	<u>\$ 17,671,927</u>	<u>\$ 839,999</u>	<u>\$ 60,735,047</u>	<u>\$ 63,301,960</u>	<u>\$ 2,566,913</u>

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**Notes to the Financial Statements**  
**June 30, 1995**

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**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Redevelopment Agency of the City of Santa Barbara (Agency) conform to generally accepted accounting principles. The following summary of the Agency's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying financial statements.

**A. General**

The Agency was created by the City Council of the City of Santa Barbara (City) by Ordinance 32-77, adopted March 5, 1968. Ordinance Number 3906, issued on May 24, 1977, declared the City Council to be the Agency's governing body.

The Agency was established pursuant to Section 33200 of the State of California Health and Safety Code. As such, the Agency acts as a legal entity, separate and distinct from the City, even though the City Council of the City serves as the Agency's governing board.

The actions of the Agency are binding. All business, including the issuance of long-term debt, is routinely transacted in the Agency's name by its appointed representatives. The Agency is broadly empowered to engage in the general economic revitalization and redevelopment of the City through acquisition and development of property in those areas of the City determined to be in a declining condition.

The Redevelopment Agency does not have any employees. The City provides all support staff and performs all administrative functions for the Agency under the terms of a written agreement with the Agency.

Under reporting requirements prescribed by generally accepted accounting principles adopted by the Governmental Accounting Standards Board (GASB), the Agency's financial activity is also reported in the City of Santa Barbara's comprehensive annual financial report. This treatment is due to the requirement that municipal organizations include in one report all operations significantly controlled by the same governing body. Specific interpretation for redevelopment agencies requires their inclusion in the City's comprehensive annual financial report. No express or implied assumption of any of the Agency's liabilities, either at present or in the future, is made by the inclusion of the Agency's financial results in the City's annual financial report. The Agency remains separate for all legal purposes. Accordingly, the accompanying combined financial statements are issued as a separate report of the Redevelopment Agency.

**B. Fund Accounting**

The accounts of the Agency are organized on the basis of funds and account groups. Each fund is considered to be a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. Financial resources are recorded in individual funds based upon the purposes for which they are to be spent, thus providing means by which spending activities are controlled. The Agency's various funds are grouped in the accompanying combined financial statements into the following broad fund categories as follows:

**Governmental Fund Types**

**General Fund** - Used to account for all financial resources of the Agency, except for those required for debt service and housing activity.

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**Notes to the Financial Statements**  
**June 30, 1995**

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Special Revenue Fund - The Agency has one special revenue fund, the Housing Fund, which is used to account for the financial resources available for low and moderate income loan and grant programs.

Capital Projects Fund - The Capital Projects Fund is used to account for the proceeds of the Agency's 1993 Tax Allocation Bonds which are being used to fund two major capital projects

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt, including principal, interest and related costs.

General Long-Term Debt Account Group - This group of accounts is established to account for all long-term debt of the Agency.

**C. Basis of Accounting**

The accompanying financial statements have been prepared on the modified-accrual basis of accounting. The modified-accrual basis of accounting is defined as the basis of accounting under which expenditures are recorded at the time liabilities are incurred and revenues are recorded when received in cash, except for measurable and available revenues which are accrued to properly reflect the revenues earned. The only revenue source of the Agency considered susceptible to accrual is interest on investments.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. The acquisition, use and balances of the Agency's expendable financial resources and the related liabilities are accounted for in the Agency's various governmental fund types. The measurement focus is upon available resources, rather than upon net income determination.

**D. Budgetary Controls**

The Agency follows these procedures in establishing the budgetary data reflected in the combined financial statements:

- Prior to May 1, the Executive Director submits to the Agency Board a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to June 30, the budget is legally enacted through the passage of an ordinance.
- Expenditures may not legally exceed appropriations at the Agency level.

Formal operating budget integration is employed as a management control device during the year for the General Fund and Housing Fund. Formal budgetary integration is not employed for the Agency's Debt Service Fund because effective budgetary control is alternatively achieved through the provisions of the Agency's bond indentures. While budgets are prepared for the Agency's capital projects fund, capital projects generally span more than one fiscal year and are effectively controlled at the project level.

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**Notes to the Financial Statements**  
**June 30, 1995**

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Budgeted amounts, as presented in the accompanying financial statements, are as originally adopted in June, 1994, or as amended by the Agency Board. Individual amendments were not material in relation to the original appropriations.

Budget appropriations lapse at year-end with exception of special projects, capital programs, and funds encumbered by contract or purchase order.

**E.    Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Housing Fund. Encumbrances outstanding at year-end are reported as reservation of fund balance since they do not represent expenditures or liabilities.

**F.    Investments**

Investments are reported in the accompanying financial statements as cash and investments. The Agency has developed a formal investment policy that exceeds the minimum requirements established by the State of California. The Agency believes that it has adhered to established policies for all investment activities. All investments are stated at cost, which approximates market value.

**G.    Incremental Property Tax**

Incremental property taxes are considered as revenues by the Agency when they become both measurable and available for financing the Agency's redevelopment activities during the year.

Incremental property tax revenues represent property taxes collected from the excess of taxes levied and collected each year on a redevelopment project over that amount which would have been levied and collected on the base year property tax assessment. A property tax base year is determined to be the year prior to the establishment of a redevelopment project area.

Property taxes are levied on March 1, are due on November 1 and March 1, and become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is November 1.

Under the terms of the state's fiscal year 1995 budget, the Agency was required to contribute \$392,265 to the "Education Revenue Augmentation Fund" (ERAF). The money was used to backfill for state public education funding which was retained by the state. This amount represented 6.43% of Agency non-housing tax allocation revenues.

**H.    Properties Held for Resale**

Properties held for resale by the Agency are recorded in the Agency's General Fund at the lower of cost or estimated net realizable value. Realizable value is determined by an agreed-upon sale price with a developer. Prior to the establishment of such a development agreement, the properties are maintained at cost. Capitalized costs include all moneys expended in the redevelopment process that can be properly attributable to properties to be resold to developers.

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**Notes to the Financial Statements**  
**June 30, 1995**

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**I. Memorandum Only Totals**

Columns in the accompanying financial statements captioned "Total (memorandum only)" are not necessary for a fair presentation in accordance with generally accepted accounting principles but are presented as additional analytical data.

Data in these columns are not intended to present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation nor have interfund eliminations been made in the aggregation of such data.

**J. Self-Insurance**

For purposes of general liability, the Agency is self-insured. As of June 30, 1995, management is not aware of any outstanding liabilities which would require accrual.

**K. Low and Moderate Income Housing**

In accordance with state law, the Agency is required to set aside twenty percent (20%) of the taxes allocated to it for low and moderate income housing programs. Historically, the Agency has complied with this requirement. In fiscal year 1990, a separate special revenue fund, the Housing Fund, was established to account for these resources.

**(2) CASH AND INVESTMENTS**

The Agency's cash and investments are managed by the City Treasurer. Agency cash constitutes part of the City's overall invested cash pool which was created to maximize return. The City Treasury maintains a separate accounting for the Agency's investments.

Interest earned on Agency cash and investments is allocated monthly to the various Agency funds based on the respective fund's average monthly cash balance. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**A. Deposits**

Agency cash constitutes part of the City's overall invested cash pool which was created to maximize return so the Agency has no separate deposits in its own name. Therefore, the Agency does not have any deposits with financial institutions at June 30, 1995. All City deposits, including those belonging to the Agency, are entirely insured or collateralized.

The California Government Code requires California banks and savings and loans to secure public deposits by pledging government securities as collateral. The market value of the pledged securities must equal 110% of the Agency's deposits. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes equal to 150% of the deposits. The City may waive collateral requirements for deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC).

**B. Investments**

Under the terms of the City's investment policies, which have also been adopted by the Agency, the Agency is authorized, in accordance with Section 53601 of the California Government Code, to invest in the following instruments:

- Bonds issued by the City

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**Notes to the Financial Statements**  
**June 30, 1995**

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- Securities issued or guaranteed by the Federal Government or its agencies.
- Medium term notes of a maximum of five years maturity issued by corporations or depository institutions organized and operating within the United States.
- Repurchase and reverse repurchase agreements of any securities authorized by the California Government Code.
- Bankers' acceptances eligible for purchase by the Federal Reserve System.
- Commercial paper, rated A-1/P-1.
- Negotiable certificates of deposit issued by a nationally chartered bank, savings association, or credit union.
- Certificates of deposit issued by commercial banks and savings and loan associations that are collateralized in accordance with the California Government Code.
- State of California Local Agency Investment Fund.
- U.S. Government money market funds

The City's investment policy also establishes a maximum term of 5 years at the time an investment is purchased, with the average maturity of the portfolio not to exceed two years. The Agency's investments comply with the established policy.

At no time during the fiscal year did the Agency borrow funds through the use of reverse repurchase agreements although such transactions are authorized by the City's investment policy.

**C. Funds with Fiscal Agent**

The Agency has moneys held by trustees or fiscal agents pledged to the payment or security of certain bonds. Cash with fiscal agent is held by separate agreement with each fiscal agent. The California Government Code provides that these moneys, in absence of specific statutory provisions governing the issuance of bonds or certificates, may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, or indentures are generally more restrictive than the Agency's general investment policy. In no instance have additional types of investments not permitted by the Agency's general investment policy been authorized.

Agency investments with fiscal agents are summarized and categorized below. These categories, intended to indicate the level of custodial risk assumed by the Agency in its investments, are defined as follows:

Category 1 - Includes investments that are insured or registered or for which the securities are held by the Agency or its agent in the Agency's name.

Category 2 - Includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Agency's name.

Category 3 - Includes uninsured and unregistered investments for which the securities are held by the counterparty trust department or agent, but not specifically in the Agency's name.

Not subject to categorization - investments, defined by GASB Statement No. 3, such as mutual funds or government investments pools, which are not evidenced by securities that exist in physical or book entry form.

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**Notes to the Financial Statements**  
**June 30, 1995**

**INVESTMENT RISK CATEGORIZATION**

Investments	CATEGORY			Not subject to categorization	Carrying Amount	Market Value
	1	2	3			
U.S. Government Issues	\$ -	\$ -	\$ 1,424,286	\$ -	\$ 1,424,286	\$ 1,424,286

**(3) PROPERTIES HELD FOR RESALE**

A summary of changes in properties held for resale follows:

	Balance at July 1, 1994	Additions	Deletions	Balance at June 30, 1995
Properties held for resale	\$ 40,537,567	\$ 1,301,856	\$ 146,000	\$ 41,693,423

**(4) BONDS PAYABLE**

Changes in bonds payable during the year were as follows:

	Balance July 1, 1994	Additions	Retirements	Balance June 30, 1995
Tax allocation bonds:				
1991 Refunding Tax Allocation Bonds	\$ 32,055,000	\$ -	\$ 1,685,000	\$ 30,370,000
1993 Tax Allocation Bonds	14,125,000	-	585,000	13,540,000
Total	\$ 46,180,000	\$ -	\$ 2,270,000	\$ 43,910,000

A description of the outstanding bonds follows:

- 1991 Refunding Tax Allocation Bonds, dated January, 1991 in the amount of \$38,685,000, remaining annual installments ranging from \$1,810,000 to \$3,185,000 through March 1, 2007. Interest rates range from 5.75% to 8.1%, payable semi-annually.
- 1993 Redevelopment Agency Tax Allocation Bonds, dated February 1, 1993 in the amount of \$14,605,000, remaining annual installments ranging from \$625,000 to \$2,200,000 through March 1, 2007. Interest rates range from 6.3% to 8.5%, payable semi-annually.

The annual requirements to amortize all tax allocation bonded debt outstanding as of June 30, 1995, including interest payments of \$23,738,880, is as follows:



**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**Notes to the Financial Statements**  
**June 30, 1995**

Year ending June 30	1991 Refunding Tax Allocation	1993 Tax Allocation	Total
1996	\$ 4,212,360	\$ 1,443,483	\$ 5,655,843
1997	4,212,040	1,444,733	5,656,773
1998	4,198,480	1,445,562	5,644,042
1999	4,201,160	1,443,197	5,644,357
2000	4,187,220	1,467,497	5,654,717
2001-2005	19,919,315	8,276,532	28,195,847
2006-2007	6,535,635	4,661,666	11,197,301
Total	\$ 47,466,210	\$ 20,182,670	\$ 67,648,880

In prior years, the Agency defeased certain debt issues by placing the proceeds of new debt in irrevocable trusts to provide for all future debt service payments on the defeased debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the Agency's financial statements. At June 30, 1995, the following outstanding bonds are considered defeased:

Issue	Amount outstanding at June 30, 1995
Redevelopment Agency, 1985 Series B Tax Allocation Bonds	15,490,000
Redevelopment Agency, 1987 Subordinated Tax Allocation Bonds	10,525,000
Total	\$ 26,015,000

The Agency's has complied with all significant bond covenants.

**(5) LOANS RECEIVABLE**

Loans receivable, totaling \$17,399,231 at June 30, 1995, consist of housing rehabilitation loans, with interest ranging from 3% to 8% and maturities up to 20 years.

**(6) PRIOR PERIOD ADJUSTMENTS**

- A. A prior period adjustment in the Agency's General Fund has been made to reflect the reclassification of \$2 million in reimbursements previously classified as deferred revenue. This balance has now been recognized as revenue. The related assets and fund balance have been included in the reclassification of activity described in "B" below.
- B. Capital improvement activity of the Redevelopment Agency, previously accounted for in the Agency's General Fund has been reclassified into a separate Agency capital projects fund. Total assets reclassified included \$12,883,932 of cash and investments and \$196,922 of interest receivable.

Prior year balances have been adjusted to reflect this change, with the effect on beginning fund balance as follows:

	As Originally Stated	Prior Period Adjustment	Adjusted Balance
General Fund	\$ 56,549,183	\$ (11,080,854)	\$ 45,468,329
Capital Projects Funds	-	13,080,854	13,080,854

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**Notes to the Financial Statements**  
**June 30, 1995**

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**(7) ORANGE COUNTY INVESTMENT POOL**

On December 6, 1994, the County of Orange (Orange County) and the Orange County Investment Pools (Pool) filed petitions for bankruptcy protection under Chapter 9 of the United States Code. The Agency was one of over 180 participants in the Pool (Pool Participants). As of December 6, 1994, the Agency's Pool investment principal balance was \$11,780,015 according to the records of Orange County.

A Comprehensive Settlement Agreement (Settlement) for the Pool was offered to Pool Participants in March, 1995. Pool Participants were offered a choice of two settlement options (Option A or Option B). In April, the City Council acting as the Agency Board selected Option B which provided for the return of approximately \$9.7 million and the reservation of all rights to recover the remaining balance from all potential sources, including Orange County and third parties.

In September, 1995, the Agency, along with other Option B agencies, filed a complaint for damages against Merrill Lynch. In October, 1995, the Agency along with other Option B agencies, filed a complaint for damages against Orange County. The outcome of these actions cannot presently be determined. However, each complaint asserts damages in excess of the remaining unrecovered principal balance reflected in the records of Orange County. The remaining unrecovered principal balance of approximately \$2.075 million has been classified in the accompanying financial statements as "Due from other agencies" and fund balance in the Agency's capital projects fund has been fully reserved for the receivable.

**(8) LITIGATION**

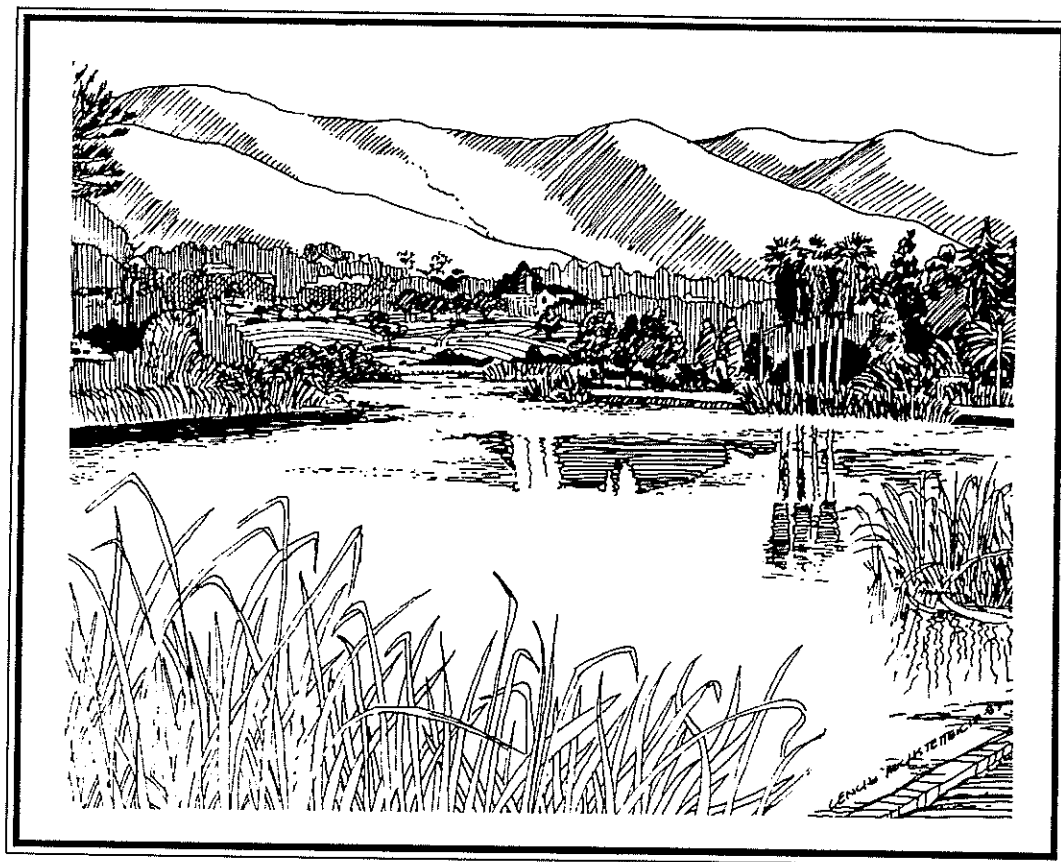
The Agency is presently involved in certain matters of litigation that have arisen in the normal course of conducting Agency business. Agency management believes, based upon consultation with the Agency Counsel, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the Agency.

See also Note 8.

**(9) SUBSEQUENT EVENT**

On December 1, 1995, the City's Redevelopment Agency issued \$28,170,000 of 1995 Tax Allocation Refunding Bonds, Senior Series A and \$6,845,000 of 1995 Tax Allocation Refunding Bonds, Subordinate Series B (together "the Refunding Bonds") to current-refund the Agency's 1991 Tax Allocation Refunding Bonds. The Refunding Bonds were sold at an average interest rate of 5.35%. The proceeds have been placed in an irrevocable trust until the March, 1996 call date of the 1991 Tax Allocation Refunding Bonds.

The refunding will reduce annual debt service approximately \$359,000 with a present value savings of approximately \$3.1 million or 10.5% of the refunded issue.



## **SUPPLEMENTARY INFORMATION**



**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**Schedule of Tax Increment Shift to**  
**Educational Revenue Augmentation Fund**  
**Fiscal Year ended June 30, 1995**

Total tax increment shifted to the  
Educational Revenue Augmentation Fund  
(ERAF) per state Department of Finance letter  
dated October 3, 1994 \$ 392,265

Funding sources:

Redevelopment Agency:		
Tax increment revenues	\$ 392,265	
Other Agency funds	<u>-</u>	
Total Agency funds		<u><u>\$ 392,265</u></u>

Agency borrowing:

From housing funds	<u>-</u>	
From legislative body	<u>-</u>	
Total borrowed funds		<u><u>-</u></u>
Total shift to ERAF		<u><u>\$ 392,265</u></u>





# STATISTICAL SECTION



Table 1

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**General Expenditures By Function**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Year ended June 30</u>	<u>Materials, supplies and services</u>	<u>Projects</u>	<u>Principal</u>	<u>Interest</u>	<u>Other*</u>	<u>Total</u>
1986	\$ 460,405	\$ 1,320,372	\$ 135,000	\$ 986,789	\$ -	\$ 2,902,566
1987	790,015	643,644	235,000	2,444,500	-	4,113,159
1988	1,011,944	5,827,384	550,000	2,421,838	-	9,811,166
1989	803,143	5,534,841	600,000	3,930,265	-	10,868,249
1990	1,185,537	2,204,457	1,005,000	3,491,393	-	7,886,387
1991	1,169,662	3,455,751	2,180,000	2,193,827	-	8,999,240
1992	1,333,626	2,659,579	1,390,000	2,810,035	-	8,193,240
1993	847,138	1,751,083	1,480,000	2,723,160	-	6,801,381
1994	844,715	904,666	2,060,000	3,602,212	392,171	7,803,764
1995	570,544	5,235,716	2,270,000	3,379,742	392,265	11,848,267

\* Represents amounts paid to the Educational Revenue Augmentation Fund.

Source: City of Santa Barbara Finance Department

**Table 2**

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**General Revenues By Source**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Year ended June 30</u>	<u>Tax increment</u>	<u>Use of Money and Property</u>	<u>Sale of Property</u>	<u>Development Fees</u>	<u>Other</u>	<u>Total</u>
1986	\$ 3,705,997	\$ 1,825,818	\$ -	\$ -	\$ 21,406	\$ 5,553,221
1987	4,532,583	2,007,374	-	-	56,872	6,596,829
1988	5,249,530	2,436,451	-	-	160,891	7,846,872
1989	5,871,132	2,279,811	-	7,780,097	2,607	15,933,647
1990	6,294,016	1,606,784	-	-	617,136	8,517,936
1991	6,832,889	1,327,007	-	650,604	94,605	8,905,105
1992	8,053,374	866,364	-	-	191,908	9,111,646
1993	7,833,881	1,168,515	-	-	173,554	9,175,950
1994	7,770,191	1,598,241	-	-	2,306,109	11,674,541
1995	7,627,615	1,178,957	-	-	3,536,859	12,343,431

Source: City of Santa Barbara Finance Department

**Table 3**

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**Property Tax Rates - All Overlapping Governments**  
**per \$100 of assessed value**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Year ended June 30</u>	<u>County</u>	<u>City</u>	<u>Schools</u>	<u>State Water Project</u>	<u>Total</u>
1986	1.00000	0.00257	0.02339	0.00460	1.03056
1987	1.00000	-	0.01915	0.00477	1.02392
1988	1.00000	-	0.01744	0.00414	1.02158
1989	1.00000	-	0.01087	-	1.01087
1990	1.00000	-	0.01202	-	1.01202
1991	1.00000	-	0.01265	-	1.01265
1992	1.00000	-	0.00674	-	1.00674
1993	1.00000	-	0.00381	-	1.00381
1994	1.00000	-	0.00156	-	1.00156
1995	1.00000	-	0.00156	-	1.00156
1995	1.0000	-	0.00102	-	1.00102

Source: County of Santa Barbara: Tax Rates and Assessed Valuations  
Assesor's Role

Table 4

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**Assessed Values - Tax Levy**  
**Last Ten Fiscal Years**  
**(Unaudited)**

		Secured				
Year ended June 30		Base year	Assessed value	Increment assessed value	Tax rate	Tax levy
1986	CCRP	\$ 120,153,528	\$ 386,984,532	\$ 266,831,004	1.03056	\$ 2,749,854
1987	CCRP	\$ 119,945,444	\$ 454,828,669	\$ 334,883,225	1.02392	\$ 3,428,936
1988	CCRP	\$ 119,945,444	\$ 524,110,396	\$ 404,164,952	1.02158	\$ 4,128,868
1989	CCRP	\$ 96,895,229	\$ 529,921,661	\$ 433,026,432	1.01087	\$ 4,377,334
	Unitary Allocation	-	-	-		273,841
		<u>96,895,229</u>	<u>529,921,661</u>	<u>433,026,432</u>		<u>4,651,175</u>
1990	CCRP	\$ 96,895,229	\$ 571,228,854	\$ 474,333,625	1.01202	\$ 4,800,351
	Unitary Allocation	-	-	-		277,237
		<u>96,895,229</u>	<u>571,228,854</u>	<u>474,333,625</u>		<u>5,077,588</u>
1991	CCRP	\$ 96,895,229	\$ 646,733,250	\$ 549,838,021	1.01265	\$ 5,567,935
	Unitary Allocation	-	-	-		300,297
		<u>96,895,229</u>	<u>646,733,250</u>	<u>549,838,021</u>		<u>5,868,232</u>
1992	CCRP	\$ 96,895,229	\$ 712,998,649	\$ 616,103,420	1.00674	\$ 6,202,560
	Unitary Allocation	-	-	-		283,550
		<u>96,895,229</u>	<u>712,998,649</u>	<u>616,103,420</u>		<u>6,486,110</u>
1993	CCRP	\$ 96,895,229	\$ 740,919,224	\$ 644,023,995	1.00381	\$ 6,464,777
	Unitary Allocation	-	-	-		283,422
		<u>96,895,229</u>	<u>740,919,224</u>	<u>644,023,995</u>		<u>6,748,199</u>
1994	CCRP	\$ 96,895,229	\$ 750,616,162	\$ 653,720,933	1.00156	\$ 6,547,407
	Unitary Allocation	-	-	-		283,301
		<u>96,895,229</u>	<u>750,616,162</u>	<u>653,720,933</u>		<u>6,830,708</u>
1995	CCRP	\$ 96,895,229	\$ 732,903,848	\$ 636,008,619	1.00102	\$ 6,366,574
	Unitary Allocation	-	-	-		249,712
		<u>96,895,229</u>	<u>732,903,848</u>	<u>636,008,619</u>		<u>6,616,286</u>

CCRP (Central City Redevelopment Project) and Presidio are the two project areas of the agency. The Presidio project area expired in 1983.

Note (1): The County remits the full amount of the levy to the Agency. Delinquencies, therefore are not a factor.

**Unsecured**

<u>Base year</u>	<u>Assessed value</u>	<u>Increment assessed value</u>	<u>Tax rate</u>	<u>Tax levy</u>	<u>Total</u>
\$ 33,761,316	\$ 102,495,413	\$ 68,734,097	1.03217	\$ 709,453	\$ 3,459,307
\$ 29,620,144	\$ 109,726,884	\$ 80,106,740	1.03056	\$ 825,548	\$ 4,254,484
\$ 29,620,144	\$ 115,147,514	\$ 85,527,370	1.00944	\$ 863,347	\$ 4,992,216
\$ 29,620,144	\$ 118,868,295	\$ 89,248,151	1.02158	\$ 911,741	\$ 5,289,075
-	-	-		-	273,841
29,620,144	118,868,295	89,248,151		911,741	5,562,916
\$ 29,620,144	\$ 118,777,635	\$ 89,157,491	1.01087	\$ 901,266	\$ 5,701,617
-	-	-		-	277,237
29,620,144	118,777,635	89,157,491		901,266	5,978,854
\$ 29,620,144	\$ 124,431,789	\$ 94,811,645	1.01202	\$ 959,513	\$ 6,527,448
-	-	-		-	300,297
29,620,144	124,431,789	94,811,645		959,513	6,827,745
\$ 29,620,144	\$ 133,865,473	\$ 104,245,329	1.01265	\$ 1,055,640	\$ 7,258,200
-	-	-		-	283,550
29,620,144	133,865,473	104,245,329		1,055,640	7,541,750
\$ 29,620,144	\$ 136,110,443	\$ 106,490,299	1.00674	\$ 1,072,080	\$ 7,536,857
-	-	-		-	283,422
29,620,144	136,110,443	106,490,299		1,072,080	7,820,279
\$ 29,620,144	\$ 141,448,396	\$ 111,828,252	1.00381	\$ 1,122,543	\$ 7,669,951
-	-	-		-	283,301
29,620,144	141,448,396	111,828,252		1,122,543	7,953,252
\$ 29,620,144	\$ 139,613,904	\$ 109,993,760	1.00156	\$ 1,101,654	\$ 7,468,228
-	-	-		-	249,712
29,620,144	139,613,904	109,993,760		1,101,654	7,717,940

Source: County of Santa Barbara, "Tax Rates and Assessed Valuations", "Assessor's Role".

**Table 5**

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA  
BUILDING PERMITS, BANK DEPOSITS AND  
TAXABLE SALES - CITY AND COUNTY  
Last Ten Calendar Years  
(Unaudited)**

Year	Building Permits (1)		City Bank Deposits (2)	# of City Tax Permits	Sales Tax (3)		
	Number	Value			City Taxable Transactions	County Taxable Transactions	City as % of County
1985	955	52,352,200	961,613,000	4,256	894,132,000	2,468,156,000	36.2
1986	904	66,719,639	991,069,000	4,334	909,800,000	2,507,687,000	36.3
1987	1,182	69,877,200	1,033,802,000	4,332	965,104,000	2,600,053,000	37.1
1988	1,245	77,433,800	1,061,617,000	4,435	1,024,334,000	2,756,533,000	37.2
1989	971	87,200,000	1,136,266,000	4,424	1,075,731,000	3,002,773,000	35.8
1990	1,049	45,169,800	1,275,305,000	4,488	1,076,892,000	3,163,697,000	34.0
1991	1,180	46,651,000	2,915,301,000	4,478	1,037,868,000	3,086,419,000	33.6
1992	1,008	52,920,300	2,515,862,000	4,490	1,015,177,000	3,050,793,000	33.3
1993	1,169	31,295,200	2,424,468,000	4,579	1,033,998,000	3,076,825,000	33.6
1994	941	29,997,500	2,408,376,000	4,718	1,085,045,000	3,177,546,000	34.1

Source: (1) Information provided by City of Santa Barbara Building Inspection Division.

(2) California State Banking Department - Research and Statistics.

(3) Taxable Sales in California - State Board of Equalization - Research and Statistics Division.



Table 6

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**Ten Largest Employers - City of Santa Barbara (1)**  
**June 30, 1995**  
**(Unaudited)**

<u>Name</u>	<u>Activity</u>	<u>Number employed</u>
University of California, Santa Barbara	Education	8,178
County of Santa Barbara	Government	3,903
Santa Barbara Cottage Hospital	Hospital	1,742
Santa Barbara Research	Instrument manufacturing	1,494
Raytheon Company	Instrument manufacturing	1,425
Applied Magnetics Corporation	Computer components	1,200
Santa Barbara Community College	Education	1,170
Delco Electronics Systems Division	Manufacturing	1,150
City of Santa Barbara	Government	984
Vons / Williams Brothers	Retail	863

(1) With the adoption of Article XIII A of the California Constitution in 1978, property tax as an indicator of economic stability/dependency diminished in importance. Accordingly, the City has elected to depict the ten largest employers as a measure of overall economic stability of the City.

Table 7

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**Fidelity Bonds of Principal Officials**  
**Year ended June 30, 1995**  
**(Unaudited)**

<u>Name</u>	<u>Title of Official</u>	<u>Amount of fidelity bond</u>
Sandra E. Lizarraga	Executive Director and Secretary	\$ 2,000,000
Robert D. Peirson	Agency Treasurer	2,000,000
All other persons affiliated with the Agency	-	2,000,000

**COMPLIANCE AND INTERNAL  
CONTROL SECTION**



September 8, 1995

The Honorable Members of the Governing Board  
Redevelopment Agency of the City of Santa Barbara, California

Independent Auditors' Report on Compliance Based on  
an Audit of General Purpose Financial Statements  
Performed in Accordance With Government Auditing Standards

We have audited the general purpose financial statements of the Redevelopment Agency of the City of Santa Barbara, California (Agency), a component unit of the City of Santa Barbara, as of and for the year ended June 30, 1995, and have issued our report thereon dated September 8, 1995.

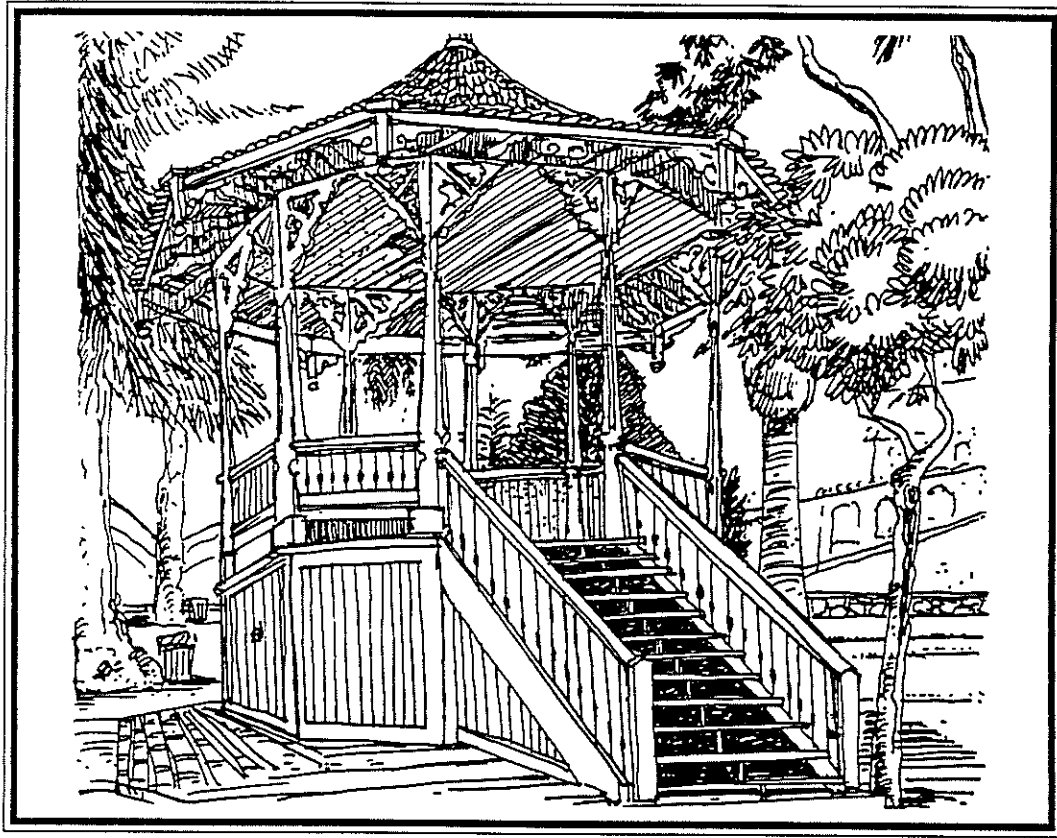
We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Agency is the responsibility of the Agency management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Agency compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of the Governing Board and the management of the Agency. However, this report is a matter of public record and its distribution is not limited.

*Moreland & Associates*





September 8, 1995

The Honorable Members of the Governing Board  
Redevelopment Agency of the City of Santa Barbara, California

Independent Auditors' Report on Compliance  
With Provisions of Laws and Regulations Contained in the  
Guidelines For Compliance Audits of California Redevelopment Agencies

We have audited the general purpose financial statements of the Redevelopment Agency of the City of Santa Barbara, California (Agency), a component unit of the City of Santa Barbara, as of and for the year ended June 30, 1995, and have issued our report thereon dated September 8, 1995. We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

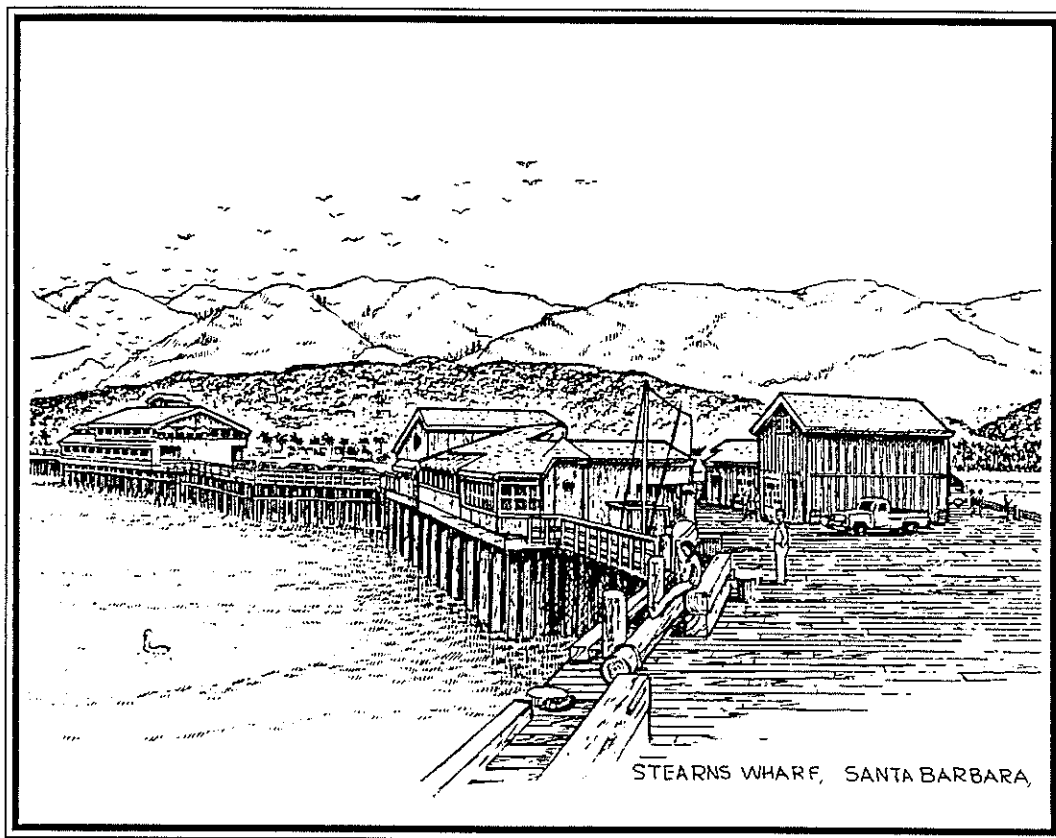
Compliance with laws and regulations applicable to the Agency is the responsibility of the Agency management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Agency's compliance with provisions of laws and regulations contained in the Guidelines For Compliance Audits of California Redevelopment Agencies issued by the State Controller's Office, Division of Local Government Fiscal Affairs.

The results of our tests indicated that, with respect to the items tested, the Agency complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Agency had not complied, in all material respects, with those provisions. However, the results of our procedures disclosed the following immaterial instance of noncompliance with these provisions:

1. California Health and Safety Code Sections 33080 and 33080.1 require an agency to submit an annual report (which includes an independent financial and compliance audit report) to the State Controller and Board of Directors within six months of the year end. For the year ended June 30, 1995, the Agency did not submit the required annual report to the State Controller and Board of Directors within the required time.

This report is intended for the information of the Governing Board and management of the Agency, and the State Controller's Office. However, this report is a matter of public record and its distribution is not limited.

*Moreland & Associates*





September 8, 1995

To the Honorable Members of the Governing Board  
Redevelopment Agency of the City of Santa Barbara, California

Independent Auditors' Report on the  
Internal Control Structure Based on an Audit of  
General Purpose Financial Statements  
Performed in Accordance With Government Auditing Standards

We have audited the general purpose financial statements of the Redevelopment Agency of the City of Santa Barbara, California (Agency), a component unit of the City of Santa Barbara, as of and for the year ended June 30, 1995, and have issued our report thereon dated September 8, 1995.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Agency is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Agency for the year ended June 30, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing

procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted other less significant matters involving the internal control structure and its operation that we have reported to the management of the City of Santa Barbara in a separate letter dated September 8, 1995. Our comments are included with other comments reported to management of the City of Santa Barbara.

This report is intended for the information of the Governing Board and the management of the Agency. However, this report is a matter of public record and its distribution is not limited.

*Moreland & Associates*

**ANNUAL PROGRAM REPORT AND  
WORK PROGRAM SECTION**



**REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA**  
**ANNUAL PROGRAM REPORT - FISCAL YEAR 1995**  
(Not covered by Auditors' Report)

**INTRODUCTION**

This report, covering the Fiscal Year ending June 30, 1995, was prepared in accordance with the most recent guidelines issued by the California Department of Housing and Community Development. The report includes a general narrative that describes the Agency's activities during Fiscal Year 1994-95.

**CENTRAL CITY REDEVELOPMENT PROJECT AREA**

**Cul de Sac/Dead End Improvements of Chapala, Anacapa and Santa Barbara Streets**

During prior years the Agency successfully applied for and received Transportation Enhancement Act funding from the California Department of Transportation (Caltrans) in order to make improvements to the dead-end areas created by the completion of the Crosstown Freeway on Highway 101. Street and sidewalk improvements, new street lights, additional street trees, landscaping and screening along the freeway will improve the safety, function and appearance of these areas. In addition, local artist Hank Pitcher designed an art wall with tile benches to be incorporated into the Chapala Street Design. While permitting and other requirements were completed, the project was placed on hold due to concerns about the adequacy of the drainage in the Chapala Street area. These concerns were proved to be true during the flooding that occurred in January, 1995 when the end of this street was inundated with flood water, mud, and debris. The Chapala Street portion of the project, as well as the art wall, is currently being redesigned to increase drainage capacity. Once the redesign is completed, reviewed and approved, the project will be put out to bid.

**Carrillo Gym**

The City designated the Carrillo Gym, designed by noted California architect Julia Morgan, an Historical Landmark on July 20, 1993. Because the City lacked other necessary funds for needed repairs, the Redevelopment Agency budgeted \$166,000 to assist with those repairs. Problems limiting the gym's functions include a leaky rooftop court and accessibility for the disabled.

The intended use of the facility is to provide recreational opportunities for youth as well as gymnasium facilities for use by people working in the downtown area. These improvements will contribute to the City's efforts to promote and encourage the downtown as a vital area. The increased use of the gym will generate and support more downtown business, drawing residents from throughout the City, potentially increasing retail and restaurant activity as well. During the latter part of this fiscal year, the construction contract was awarded and repairs to this historically significant structure were begun, thus preserving a part of Santa Barbara's heritage.

**Public Restrooms**

Plans to construct a public restroom at a City Hall site and an alternate location in the 900 block of State Street were deemed too expensive and both projects were abandoned by the Agency Board. Agency funds set aside for the restroom project were reallocated for another use. Although, no funding is currently available for the construction of a public restroom, the Agency continued to offer staff support to the City's Visitor Restroom Program, which involves the participation of two downtown businesses making their restroom facilities available to visitors. The Agency also provided signage for this activity.

## **Festival Market Place/Mercado**

The Agency allocated \$200,000 to complete a Mercado Feasibility Study (\$25,000) and possibly to contribute to the future development of a Mercado, depending on the results of the study. In September, 1994, the Agency sponsored a one day workshop to evaluate issues related to the possible development of a Mercado and/or Festival Marketplace within the City, to evaluate community support, and to seek public input. It was the general opinion of workshop participants that the existing markets - the Farmers Market, the Sunday Arts and Crafts Show and the Ethnic Festivals at Oak Park - do not need fixing, but that a Festival Market or Mercado could be a welcome addition to the community. Community support was expressed for the establishment of a Mexican-style Mercado. The Legaspi Company was hired to prepare the feasibility study. This study, which is still being prepared, will include a demographic analysis, shopper surveys and analysis, site analyses, local merchant interviews, evaluation of mercado feasibility and guidelines for a mercado business plan. The City issued a use permit to allow a local business group to have a temporary Mercadito at Storke Placita in the downtown area to test public response for this type of activity.

## **Transportation Management Program**

This fiscal year, the Agency continued to contribute funds for the operation of the City's Transportation Management Program. This program provides for the operation of two shuttle bus systems - the Commuter Lot Shuttle and the Downtown Waterfront Shuttle. Agency funds provide for the Commuter Shuttle as mitigation of traffic impacts of the Agency's downtown revitalization activities. The Commuter Lot Shuttle furnishes convenient shuttle services between the two downtown commuter lots (Cota/Santa Barbara Streets and Carrillo/Castillo Street) and employee work locations. The Downtown Waterfront Shuttle runs along State Street under the freeway to Cabrillo Boulevard, providing both tourists and residents with a convenient means of transportation when in the downtown area.

## **WATERFRONT AREA**

### **Waterfront Park/Hotel Project**

The Waterfront Park/Hotel Project is a joint development project of the Agency and the Parker Family Trust. The project, is located on a 13-acre site along the north side of Cabrillo Boulevard from Santa Barbara Street to Salsipuedes and is the last major undeveloped property along the waterfront. It will include a public park constructed by the Agency providing 10 acres of open recreation space as well as a privately operated 150-room luxury hotel to be developed by the Parker Family Trust on 3 acres. A 75-bed hostel will also be built by the Parker Family Trust at an off-site location at Montecito and Helena Streets. This joint proposal has now received final approvals from the Planning Commission, the Agency Board, City Council and the California Coastal Commission. All necessary discretionary approvals were received in March, 1994.

During this fiscal year, Agency staff worked with the Parker Family Trust to develop schedules and timetables for construction of the joint project. It was determined that the construction of the park should proceed ahead of the hotel construction, which could be delayed for some time due to financial constraints. This change entailed negotiating and preparing a Development Agreement with the Parker Family Trust. The draft Development Agreement, which would allow the development of the park and the hotel to proceed independently instead of concurrently, was approved by the Planning Commission in June, 1995. City Council and Redevelopment Agency Board approval will be sought during the coming fiscal year.

Other accomplishments on the Waterfront Park during this year included:

**Design Review:** In September the Agency entered into a contract with Penfield and Smith to prepare park drawings for preliminary design approval by the Historic Landmarks Commission. After preliminary approval was granted, the contract with Penfield and Smith was extended to include final design construction services. Preparation and review of final plans was not

completed and will continue into fiscal year 1996.

**Hostel:** The Agency contracted with Cearnal Ehlen Associates to revise development plans for relocation of the proposed youth hostel from a previously approved location at Montecito/Chapala Streets to Agency-owned property at Montecito/Helena Streets (formerly known as the Ellis property). This redesign and relocation will provide a more accessible location for the hostel as well as additional public parking for the Lower State Street area. This new site plan and relocation were approved by the Planning Commission in June, 1995.

**Carousel:** In the 2nd quarter of the fiscal year, the Agency hired Economic Research Associates to prepare a Market/Financial Analysis for placing an antique carousel in the park. The report was favorable and suggested, among other recommendations, that it would be feasible to contract with an owner/operator of an antique carousel to be located in a building provided by the Agency. This report was accepted by the Agency Board and staff was authorized to prepare a Request for Proposal to antique carousel owners and operators. This activity will continue into the next fiscal year.

**Public Art Element:** Two local artists were selected and approved by the Agency to work with the design team and the team artist to develop a public art element as part of the park's design. At the end of the fiscal year, the proposed art designs were in the process of being reviewed by the City's art committees and design review board.

### **Los Baños del Mar**

With \$18,000 of funding from the Redevelopment Agency, the design and services to prepare plans for the proposed capital improvements for Los Baños Del Mar Pool at 401 Shoreline Drive are underway. The pool, constructed in 1939, is a public bathhouse and swimming pool that combines elements of Art Moderne style with the more traditional Hispanic architectural style for which Santa Barbara is famous. It is one of only two historic swimming pool complexes on the California coast to have survived relatively unaltered.

The Friends of the Los Baños Del Mar Pool, a local non-profit organization, and the City's Public Works engineering staff have identified necessary improvements. These include relining the pool, repairing tile, resurfacing the pool deck, remodeling the locker room and improving handicap access. The Redevelopment Agency agreed to provide seed money to assist in beginning the needed repairs because other City funding was not available and the proposed improvements would benefit the project area. More than a dozen hotels and motels in the Waterfront area reported that their guests use Los Baños Pool for both recreational and serious lap swimming when visiting Santa Barbara.

The firm of KBZ Design Engineers was selected to proceed with Phase I of the improvements of the pool and adjacent area. During this fiscal year, design and specification for Phase I of the restoration was completed. Friends of Los Baños raised the remaining funds necessary for construction, which should begin in fiscal year 1996.

### **Railroad Station Restoration Project**

In October 1994, the Agency Board approved the proposed site plan for the project. Concerns regarding the availability of State Rail Bond funds for the station restoration were resolved, and a funding application was submitted to Caltrans. This was a lengthy process involving considerable staff time. These efforts were rewarded when the California Transportation Commission approved the grant of \$4.702 million in rail bond funds for the restoration work including \$3.6 million for acquisition of the depot properties. Negotiations with Martin Smith Associates were conducted and the acquisition was completed in May, 1995.

A Phase II contract was entered into with Milford Wayne Donaldson, FAIA, and the depot design team for final design services for the project. The Agency Board also approved the addition of the Agency-owned parcels at Chapala/Montecito Streets (Lagomarsino/Lafler properties) to provide more parking for the railroad station. A youth hostel previously planned for that site was relocated to



another property at Montecito/Helena Streets. Other activities conducted during the fiscal year included lease negotiations with Amtrak for the station building and with Open Air Bicycles for use of the former Railway Express Building also located on the depot properties. During the next fiscal year, work will continue on completion of final plans and design approvals, Planning Commission and Coastal Commission approval of the amended site plan and the beginning of construction.

#### **Cabrillo Plaza (Wright Family Project)/Garden Street Extension**

This year the Agency entered into a Memorandum of Understanding (MOU) with the Wright Family Trust. The MOU provides for the negotiation of an Owner Participation Agreement regarding the Cabrillo Plaza Specific Plan and for the proposed Garden Street Extension. The Cabrillo Plaza project, which encompasses 10.54 acres of land owned by the Wright Family Trust, is located south of Highway 101, east of Santa Barbara Street, and north of the railroad tracks. Development of this property is contingent upon the extension of Garden Street. The Wright Family Trust has agreed to dedicate to the City the easements necessary to construct the Garden Street Extension.

The proposed extension of Garden Street between Yanonali Street and Cabrillo Boulevard will consist of a major arterial roadway connecting the freeway directly to the waterfront area. This road will contain two traffic lanes in both directions, bike lanes, and a landscaped median island. The construction of this extension will significantly improve the traffic flow in this area. The Redevelopment Agency Board committed \$85,000 to fund preparation of the necessary environmental documents and for the development review of the proposed street extension. The extended street, which will be of benefit to the Waterfront Park Project, will encroach into the westerly end of the proposed park. This required some redesign work on the park plan for that area. Work continues on the negotiation of a street agreement with the Wright Family Trust.

#### **RETAIL REVITALIZATION**

With several of the Agency's major capital improvement projects achieved in the Central City Redevelopment Project Area, the Agency continues its revitalization efforts to promote and further the economic vitality of the downtown and stimulate further private investment.

#### **Paseo Nuevo Retail Center**

The Agency's agreements with the developer of Paseo Nuevo provided that the Agency will receive Participation Rent as the revenues generated by the Center increase over the term of the Ground Lease. The firm of Sedway Kotin Mouchly Group (SKM) continues to work with the shopping center owner to finalize forms and formats for reporting revenues under the Ground Lease. SKM was the Agency's consultant during negotiations with the shopping center developer. The Paseo Nuevo store management estimates that the shopping mall is 86% occupied. This is an 8% increase since the end of fiscal year 1994.

#### **Cultural District/Theater Restoration Loan Program**

This program was developed as one strategy for implementing the cultural economic plan within the Central City Redevelopment Project area. The Agency's goal is to save and enhance cultural activities within the downtown area, which will, in turn, improve economic activities in the central city. The Theater Restoration Loan Program was implemented during fiscal year 1994 when loans were given to a number of theaters for use in seismic upgrading and other capital improvements to the buildings. During this fiscal year, an additional \$150,000 was loaned to the Lobero Theater. These funds, along with matching funds, aided in the restoration of the Lobero Theater.

#### **J.C. Penney Department Store Project**

The Redevelopment Agency established a retail revitalization goal that involved locating major department stores throughout the downtown area. With the completion of the Paseo Nuevo



Shopping Center project, the Agency hoped to encourage J. C. Penney Company to expand its downtown store. Unfortunately, J. C. Penney lost its lease and decided to close its existing department store in 1992. The Redevelopment Agency negotiated a financial assistance package with Penney's representatives in an attempt to have the department store reestablished at 1001 State Street. In October 1993, the Redevelopment Agency approved a \$400,000 grant to the company with certain conditions on reopening a new department store downtown. In August 1994, J. C. Penney reopened a 43,000 square foot department store. The opening of the new Penney's store is expected to increase the retailing strength in the downtown as well as providing about 65 new jobs. It is estimated that the \$400,000 grant will be recovered in about 10 years through increased revenues from sales and property taxes.

## **OTHER ACTIVITIES**

### **Five-Year Implementation Plan**

As required by the California Community Redevelopment Reform Act of 1993 (AB1290), the Agency worked on the preparation of an Implementation Plan for the Central City Redevelopment Project Area. The plan sets forth the goals for the project area and presents an overview of the proposed programs/projects and related expenditures the Agency expects to make in the coming five years to advance those goals and eliminate blight within the project area. The required public hearings were held and the plan was adopted by the City Council and Redevelopment Agency Board in December 1994.

## **AFFORDABLE HOUSING PROGRAMS**

### **General**

During fiscal year 1995, the Redevelopment Agency provided a total of \$1,678,033 in support of Affordable Housing Programs. This included \$1,468,929 in new tax increment set-aside revenues for this fiscal year with the balance in program income funds. The Agency provided financial assistance totaling \$1,560,000 to two (2) new construction projects for a total of forty nine (49) units. In addition, \$118,033 was expended to acquire and rehabilitation two (2) existing developments totaling fifteen (15) units. These funds were expended as part of an overall Redevelopment Agency/City of Santa Barbara program that expended approximately \$5 million total for housing production and services.

### **New Construction**

The Agency committed funds for the development of two (2) new construction projects totaling forty nine (49) units. Homes for People (HFP), a nonprofit developer of self-help, affordable ownership housing, proposes to develop a 17-unit low and moderate income project on Castillo Street near the downtown area. The first 9 units of this project were funded in fiscal year 1995 with \$360,000 in Agency funds. HFP will seek an additional \$320,000 in fiscal year 1996 for the remainder of the project.

One (1) rental project received funding for development in fiscal year 1995. This project, located at 4040 Calle Real, had received \$2.15 million last fiscal year in combined Agency and City funding for the first 73 units of the total 113 family and senior apartments. In fiscal year 1995, \$1.2 million was loaned for the final 40 units. Besides the Agency and City financing, the project received approximately \$6.5 million in tax credit syndication proceeds.

Both rental projects are listed in the chart below.

### **Acquisition/Rehabilitation**

Two (2) acquisition/rehabilitation projects were funded during fiscal year 1995. The Housing Authority acquired one 4-unit project at 630 West Arrellaga Street utilizing \$57,600 in Agency funds as well as \$102,400 in City funds. The units will be affordable in perpetuity to low and very low

income renters. Minor rehabilitation was required for this project.

An additional project totaling 11 units was acquired for ultimate rehabilitation by HFP. This project, located at 210 West Victoria Street, consists of small detached bungalows that, after substantial rehabilitation, HFP plans to sell as low and moderate income condominium units. The project was acquired using \$60,433 in Agency funds as well as \$340,392 in City funds.

#### NEW CONSTRUCTION

<u>Project Address/Developer</u>	<u>Number of units</u>	<u>Type of Assistance</u>	<u>Amount</u>
922 Castillo Street Homes for People	17 family	loan	\$ 478,033
4040 Calle Real Homes for People	40 family	loan	\$ 1,200,000

#### ACQUISITION/REHABILITATION

<u>Project Address/Developer</u>	<u>Number of units</u>	<u>Type of Assistance</u>	<u>Amount</u>
630 West Arrellaga Street Housing Authority	4 family	grant	\$ 57,600
210 West Victoria Street Homes for People	11 family	loan	\$ 60,433

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA  
ANNUAL WORK PROGRAM REPORT - FISCAL YEAR 1996  
(Not covered by the Auditors' Report)

**INTRODUCTION**

This report, covering the projected program year for the fiscal year ending June 30, 1996, was prepared in accordance with the most recent guidelines by the California Department of Housing & Community Development. The report includes a description of the work program for the 1996 fiscal year. Funds for these projects are contained in the Redevelopment Agency of the City of Santa Barbara (Agency) budget for fiscal 1996, including reappropriations from prior year balances.

**FISCAL YEAR 1996 WORK PROGRAM**

Current Budget Projects Central City Redevelopment Project

Housing Revolving Fund: Funds to be used for the development of affordable housing projects, including land-banning, site improvements, interim financing and rehabilitation of multi- or single-family properties per State statute.

Estimated Cost: \$1,756,140

Property Management: Funds to cover the Agency's responsibility to make lease payments involving 915 State Street.

Estimated Cost: \$140,000

Transportation Management Program Shuttle Bus Contract: Funds for the mitigation measure for traffic and parking impacts resulting from Agency development project.

Estimated Cost: \$150,000

Festival Market/Mercado: Funds for analysis of land use and Festival Market below Gutierrez Street.

Estimated Cost: \$200,000

Los Baños Pool Project: Funds needed in making improvements to the downtown Los Baños Recreation Center.

Estimated Cost: \$150,000

Cul de sacs Improvements: Funds for improvements to cul de sacs created upon completion of the crosstown freeway project.

Estimated Cost: \$135,000

Bond Fund Projects

Funds for these projects will come from bond proceeds and a state grant.

Waterfront Park - Estimated Cost: \$6,175,000

Rail Station Project - Estimated Cost: \$2,900,000

## **CONCLUSION**

As has been the Agency's practice in past years, the budgeted projects constitute the work program and goals for fiscal year 1996. The goals for fiscal year 1996 can be compared in greater detail with the achievements for the year by examination of the fiscal year 1996 budget.